

STATE FIRE AND TORNADO FUND
INVESTMENT PERFORMANCE REPORT AS OF JUNE 30, 2007

| | June-07 | | | | | March-07 | | | | December-06 | | | | September-06 | | | | Current | Prior Year | 3 Years | 5 Years |
|--|--------------|---------|--------|---------|---------|--------------|---------|--------|---------|--------------|---------|--------|---------|--------------|---------|--------|---------|---------|------------|---------|---------|
| | Allocation | Quarter | Month | | | Allocation | Quarter | | | Allocation | Quarter | | | Allocation | Quarter | | | | | | |
| | Market Value | Actual | Policy | Net ROR | Net ROR | Market Value | Actual | Policy | Net ROR | Market Value | Actual | Policy | Net ROR | Market Value | Actual | Policy | Net ROR | Net | Net | Net | Net |
| LARGE CAP DOMESTIC EQUITY | | | | | | | | | | | | | | | | | | | | | |
| Structured Growth | | | | | | | | | | | | | | | | | | | | | |
| Los Angeles Capital | 813,302 | 2.9% | 2.8% | 7.52% | -1.44% | 794,580 | 2.8% | 2.8% | 3.86% | 788,555 | 2.8% | 2.8% | 7.40% | 758,542 | 2.7% | 2.8% | 1.60% | 21.84% | 11.12% | 13.35% | N/A |
| Total Structured Growth | 813,302 | 2.9% | 2.8% | 7.52% | -1.44% | 794,580 | 2.8% | 2.8% | 3.86% | 788,555 | 2.8% | 2.8% | 7.40% | 758,542 | 2.7% | 2.8% | 1.60% | 21.84% | 11.12% | 13.35% | 10.94% |
| Russell 1000 Growth | | | | 6.86% | -1.49% | | | | 1.19% | | | | 5.93% | | | | 3.94% | 19.04% | 6.12% | 8.70% | 9.28% |
| Structured Value | | | | | | | | | | | | | | | | | | | | | |
| LSV | 802,938 | 2.8% | 2.8% | 6.59% | -2.33% | 791,201 | 2.8% | 2.8% | 2.38% | 872,837 | 3.1% | 2.8% | 8.10% | 835,805 | 3.0% | 2.8% | 4.91% | 23.77% | 15.05% | 19.00% | 16.55% |
| Russell 1000 Value | | | | 4.93% | -2.34% | | | | 1.24% | | | | 8.00% | | | | 6.22% | 21.87% | 12.10% | 15.93% | 13.31% |
| Russell 1000 Enhanced Index | | | | | | | | | | | | | | | | | | | | | |
| LA Capital | 1,621,443 | 5.7% | 5.6% | 6.83% | -1.90% | 1,594,436 | 5.6% | 5.6% | 1.65% | 1,653,950 | 5.8% | 5.6% | 7.67% | 1,513,034 | 5.4% | 5.6% | 3.72% | 21.27% | 11.58% | 13.46% | N/A |
| Russell 1000 | | | | 5.90% | -1.91% | | | | 1.21% | | | | 6.95% | | | | 5.06% | 20.43% | 9.08% | 12.34% | N/A |
| S&P 500 Enhanced Index | | | | | | | | | | | | | | | | | | | | | |
| Westridge | 1,730,487 | 6.1% | 5.6% | 6.41% | -1.62% | 1,708,390 | 6.0% | 5.6% | 0.74% | 1,666,462 | 5.9% | 5.6% | 6.85% | 1,615,637 | 5.8% | 5.6% | 5.74% | 21.12% | 8.77% | 11.98% | N/A |
| S&P 500 | | | | 6.28% | -1.66% | | | | 0.64% | | | | 6.70% | | | | 5.67% | 20.59% | 8.63% | 11.68% | N/A |
| Index | | | | | | | | | | | | | | | | | | | | | |
| State Street | 500,202 | | | 5.47% | -1.80% | 497,420 | | | 1.42% | 585,712 | | | 7.85% | 561,249 | | | 5.59% | 21.82% | 9.51% | 12.34% | 11.08% |
| Total 130/30 | 500,202 | 1.8% | 1.9% | 5.47% | -1.80% | 497,420 | 1.8% | 1.9% | 1.42% | 585,712 | 2.1% | 1.9% | 7.85% | 561,249 | 2.0% | 1.9% | 5.59% | 21.82% | 9.51% | 12.34% | 11.08% |
| S&P 500 | | | | 6.28% | -1.66% | | | | 0.64% | | | | 6.70% | | | | 5.67% | 20.59% | 8.63% | 11.68% | 10.71% |
| TOTAL LARGE CAP DOMESTIC EQUITY | 5,468,372 | 19.2% | 18.8% | 6.64% | -1.79% | 5,386,027 | 19.0% | 18.8% | 1.77% | 5,567,517 | 19.5% | 18.8% | 7.48% | 5,284,266 | 19.0% | 18.8% | 4.47% | 21.86% | 10.95% | 13.76% | 12.22% |
| S&P 500 | | | | 6.28% | -1.66% | | | | 0.64% | | | | 6.70% | | | | 5.67% | 20.59% | 8.63% | 11.68% | 10.71% |
| SMALL CAP DOMESTIC EQUITY | | | | | | | | | | | | | | | | | | | | | |
| Manager-of-Managers | | | | | | | | | | | | | | | | | | | | | |
| SEI | 1,845,769 | 6.5% | 6.3% | 6.28% | -1.29% | 1,799,586 | 6.3% | 6.3% | 2.41% | 1,880,599 | 6.6% | 6.3% | 8.80% | 1,740,472 | 6.3% | 6.3% | -0.03% | 18.39% | 13.58% | 13.70% | 14.37% |
| Russell 2000 + 200bp | | | | 4.94% | -1.30% | | | | 2.45% | | | | 9.43% | | | | 0.94% | 18.76% | 16.86% | 15.72% | 16.16% |
| TOTAL SMALL CAP DOMESTIC EQUITY | 1,845,769 | 6.5% | 6.3% | 6.28% | -1.29% | 1,799,586 | 6.3% | 6.3% | 2.41% | 1,880,599 | 6.6% | 6.3% | 8.80% | 1,740,472 | 6.3% | 6.3% | -0.03% | 18.39% | 13.58% | 13.70% | 14.37% |
| Russell 2000 | | | | 4.42% | -1.46% | | | | 1.95% | | | | 8.90% | | | | 0.44% | 16.44% | 14.58% | 13.45% | 13.88% |
| INTERNATIONAL EQUITY | | | | | | | | | | | | | | | | | | | | | |
| Large Cap - Active | | | | | | | | | | | | | | | | | | | | | |
| Capital Guardian | 1,219,835 | 4.3% | 4.0% | 7.29% | -0.01% | 1,183,790 | 4.2% | 4.0% | 3.07% | 1,225,575 | 4.3% | 4.0% | 8.50% | 1,135,834 | 4.1% | 4.0% | 5.00% | 25.99% | 28.07% | 21.19% | 14.89% |
| LSV | 1,158,672 | 4.1% | 4.0% | 6.28% | 0.29% | 1,134,877 | 4.0% | 4.0% | 5.08% | 1,217,866 | 4.3% | 4.0% | 10.63% | 1,108,463 | 4.0% | 4.0% | 6.22% | 31.24% | 27.09% | N/A | N/A |
| Total Large Cap - Active | 2,378,507 | 8.3% | 8.0% | 6.80% | 0.14% | 2,318,667 | 8.2% | 8.0% | 4.06% | 2,443,441 | 8.6% | 8.0% | 9.55% | 2,244,298 | 8.1% | 8.0% | 5.60% | 28.57% | 27.66% | 22.95% | 18.43% |
| MSCI EAFE - 50% Hedged | | | | 6.69% | 0.04% | | | | 4.03% | | | | 9.06% | | | | 4.87% | 26.94% | 26.72% | 22.55% | 15.71% |
| Small Cap - Value | | | | | | | | | | | | | | | | | | | | | |
| Lazard | 283,169 | 1.0% | 1.0% | 2.34% | -1.90% | 288,335 | 1.0% | 1.0% | 2.39% | 300,216 | 1.1% | 1.0% | 14.69% | 263,677 | 0.9% | 1.0% | 0.71% | 21.03% | 23.65% | 20.93% | N/A |
| Citigroup Broad Market Index < \$2BN | | | | 6.19% | 0.30% | | | | 7.05% | | | | 11.41% | | | | 1.53% | 28.58% | 29.28% | 26.34% | N/A |
| Small Cap - Growth | | | | | | | | | | | | | | | | | | | | | |
| Vanguard | 270,206 | 0.9% | 1.0% | 5.20% | -1.17% | 304,498 | 1.1% | 1.0% | 6.59% | 304,469 | 1.1% | 1.0% | 12.63% | 272,233 | 1.0% | 1.0% | 3.73% | 31.00% | 29.24% | 28.08% | N/A |
| Citigroup Broad Market Index < \$2BN | | | | 6.19% | 0.30% | | | | 7.05% | | | | 11.41% | | | | 1.53% | 28.58% | 29.28% | 26.34% | N/A |
| TOTAL INTERNATIONAL EQUITY | 2,931,882 | 10.3% | 10.0% | 6.19% | -0.20% | 2,911,501 | 10.2% | 10.0% | 4.15% | 3,048,126 | 10.7% | 10.0% | 10.33% | 2,780,207 | 10.0% | 10.0% | 4.91% | 28.02% | 27.35% | 23.43% | 17.15% |
| MSCI EAFE - 50% Hedged | | | | 6.69% | 0.04% | | | | 4.03% | | | | 9.06% | | | | 4.87% | 26.94% | 26.72% | 22.55% | 15.71% |
| DOMESTIC FIXED INCOME | | | | | | | | | | | | | | | | | | | | | |
| Core Bond | | | | | | | | | | | | | | | | | | | | | |
| Western Asset | 4,687,122 | 16.5% | 17.1% | -0.90% | -0.80% | 4,681,121 | 16.5% | 16.8% | 1.61% | 5,390,850 | 18.9% | 19.0% | 2.01% | 5,260,843 | 18.9% | 19.0% | 4.45% | 7.29% | -0.90% | 4.44% | 5.64% |
| Lehman Aggregate | | | | -0.52% | -0.30% | | | | 1.50% | | | | 1.24% | | | | 3.81% | 6.12% | -0.81% | 3.98% | 4.48% |
| Mortgage Backed | | | | | | | | | | | | | | | | | | | | | |
| Hyperion | 1,322,556 | 4.6% | 4.4% | -0.68% | -0.29% | 1,307,471 | 4.6% | 4.4% | N/A | - | 0.0% | 0.0% | N/A | - | 0.0% | 0.0% | N/A | N/A | N/A | N/A | N/A |
| Lehman Global Aggregate (US Securitized Portion) | | | | -0.45% | | | | | 1.89% | | | | | | | | | | | | |
| Core Plus/Enhanced | | | | | | | | | | | | | | | | | | | | | |
| Clifton Group | 1,291,329 | 4.5% | 4.4% | -0.52% | -0.15% | 1,298,621 | 4.6% | 4.4% | 1.91% | 1,226,859 | 4.3% | 4.4% | 0.66% | 1,213,471 | 4.4% | 4.4% | 3.40% | 5.52% | N/A | N/A | N/A |
| Prudential | 1,289,225 | 4.5% | 4.4% | -0.51% | -0.71% | 1,295,003 | 4.6% | 4.4% | 1.50% | 1,228,563 | 4.3% | 4.4% | 1.89% | 1,199,925 | 4.3% | 4.4% | N/A | N/A | N/A | N/A | N/A |
| Total Core Plus/Enhanced | 2,580,555 | 9.1% | 8.8% | -0.52% | -0.43% | 2,593,624 | 9.1% | 8.8% | 1.70% | 2,455,422 | 8.6% | 8.8% | 1.27% | 2,413,396 | 8.7% | 8.8% | 3.40% | 5.95% | N/A | N/A | N/A |
| Lehman Aggregate | | | | -0.52% | -0.30% | | | | 1.50% | | | | 1.24% | | | | 3.81% | 6.12% | | | |
| Index | | | | | | | | | | | | | | | | | | | | | |
| Bank of ND | 2,304,983 | 8.1% | 7.7% | -0.41% | -0.11% | 2,387,893 | 8.4% | 8.3% | 1.37% | 2,267,806 | 8.0% | 8.3% | 1.31% | 2,313,876 | 8.3% | 8.3% | 3.10% | 5.45% | -1.14% | 2.92% | 4.32% |
| Lehman Govt/Credit (1) | | | | -0.49% | -0.21% | | | | 1.47% | | | | 1.04% | | | | 3.91% | 6.00% | -1.52% | 3.04% | 4.35% |
| BBB Average Quality | | | | | | | | | | | | | | | | | | | | | |
| Wells Capital (formerly Strong) | 4,641,240 | 16.3% | 17.1% | -0.33% | -0.33% | 4,649,089 | 16.4% | 16.8% | 1.74% | 5,375,464 | 18.9% | 19.0% | 1.75% | 5,259,422 | 18.9% | 19.0% | 4.60% | 7.93% | -2.11% | 4.86% | 6.59% |
| Lehman US Credit BAA | | | | -0.66% | -0.63% | | | | 1.79% | | | | 1.49% | | | | 4.80% | 7.54% | -2.37% | 4.47% | 6.59% |
| TOTAL DOMESTIC FIXED INCOME | 15,536,456 | 54.5% | 55.0% | -0.57% | -0.45% | 15,619,198 | 55.0% | 55.0% | 1.57% | 15,489,542 | 54.4% | 55.0% | 1.70% | 15,247,538 | 54.8% | 55.0% | 4.28% | 7.11% | -1.39% | 3.89% | 5.04% |
| Lehman Aggregate (2) | | | | -0.52% | -0.30% | | | | 1.50% | | | | 1.24% | | | | 3.81% | 6.12% | -0.81% | 4.13% | 4.87% |
| CASH EQUIVALENTS | | | | | | | | | | | | | | | | | | | | | |
| Bank of ND | 2,704,550 | 9.5% | 10.0% | 1.28% | 0.41% | 2,704,794 | 9.5% | 10.0% | 1.32% | 2,499,353 | 8.8% | 10.0% | 1.32% | 2,753,853 | 9.9% | 10.0% | 1.35% | 5.36% | 4.50% | 4.10% | 3.00% |
| 90 Day T-Bill | | | | 1.27% | 0.39% | | | | 1.25% | | | | 1.26% | | | | 1.33% | 5.21% | 4.00% | 3.78% | 2.76% |
| TOTAL FIRE & TORNADO FUND | 28,487,029 | 100.0% | 100.0% | 2.11% | -0.64% | 28,421,106 | 100.0% | 100.0% | 1.93% | 28,485,136 | 100.0% | 100.0% | 4.07% | 27,806,336 | 100.0% | 100.0% | 3.80% | 12.45% | 5.27% | 8.08% | 8.29% |
| POLICY TARGET BENCHMARK | | | | 1.95% | -0.52% | | | | 1.61% | | | | 3.50% | | | | 3.81% | 11.30% | 4.99% | 7.64% | 7.64% |

NOTE: Monthly returns and market values are preliminary and subject to change.

(1) From April 1, 2004, through June 30, 2005, the benchmark was the LB Intermediate Govt/Credit index.

(2) Prior to July 1, 2005, the benchmark was LB Govt/Credit Index.